

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00
DOTE-00 EB-08 INR-10 NSAE-00 FAA-00 L-03 AID-05
FRB-03 ICA-11 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04
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FM AMEMBASSY LIBREVILLE

TO SECSTATE WASHDC 1195

C O N F I D E N T I A L LIBREVILLE 1626

E.O. 11652: GDS

TAGS: EFIN, GB

SUBJECT: GABON'S DEBT SITUATION

REF: LIBREVILLE 1070, LIBREVILLE 1117

1. DURING CONVERSATION JUNE 13 WITH AMBASSADOR, VISITING CITIBANK VICE-CHAIRMAN G.A. COSTANZA AND LOCAL DIRGEN OF CITIBANK CHAKRAVARTTY BROUGHT US UP TO DATE ON STATUS OF CITIBANK LOAN.

2. COSTANZA, WHO HAD MET WITH PRES BONGO DAY BEFORE, FIRST REMARKED THAT HE WAS MUCH IMPRESSED WITH SERIOUSNESS WITH WHICH BONGO IS TAKING IMF AGREEMENT AND NEED FOR GABONESE AUSTERITY. HE THOUGH THIS WAS EXCELLENT OMEN FOR FUTURE. RE CITIBANK LOAN WHICH WAS OPENED IMMEDIATELY AFTER IMF HAD APPROVED ARRANGEMENT WITH GOG, HE TOLD AMBASSADOR THERE WAS FIRM COMMITMENT THUS FAR OF DOLS 75 MILLION AND THAT HE PERSONNALLY WAS OPTIMISTIC THAT PARTICIPATIONS WOULD REACH PROJECTED DOLS 100MILLION. EITHER THEN, OR PERHAPS BEFORE, CITIBANK WOULD PLACE LOAN ON OPEN MARKET WHERE IF PREVIOUS EXPERIENCE HELD, THEY COULD EXPECT ANOTHER DOLS 10-12 MILLION.

3. THEY ANTICIPATED THAT LOAN WOULD BE READY FOR SIGNATURE SHORTLY AND THAT IN PRINCIPLE DISBURSEMENTS COULD BEGIN AS
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EARLY AS MID-JULY. GOG IS PRESSING FOR EARLIEST DATE POSSIBLE SINCE IT NOW SIX MONTHS THAT GOG HAS BEEN FACED WITH MONEY PROBLEMS. COSTANZA, HOWEVER, REPEATED WHAT WE HAD BEEN TOLD EARLIER (LIBREVILLE 1070), THAT DISBURSEMENTS WILL BE PHASED.

4. CONSTANZA SAID FRENCH LOAN HAS NOT YET BECOME OPERABLE.

HE USED PHRASE "INTERLOCKING" TO MEAN APPARENTLY THAT ALL THREE (CITIBANK, FRENCH AND USE OF IMF DRAWING RIGHTS) WERE RELATED TO EACH OTHER IN TERMS OF TIMING. CITIBANK LOAN WILL INCLUDE FINANCING PURCHASE OF BOEING 737, BUT BULK WILL GO FOR TRANSGABON RAILWAY TO BE DISBURSED AGAINST "WORK RECEIPTS." IT WILL NOT GO TO PAY EXISTING DEBTS AS HAD BEEN SUGGESTED TO US EARLIER.

5. COSTANZA SAID HE FELT ATTITUDE OF BANKING COMMUNITY IN STATES TOWARD GABON WAS GENERALLY POSITIVE AND WILL LIKELY BE EVEN BETTER AS IT BECOMES EVIDENT THAT GABONESE ARE IN FACT SERIOUS. ASKED WHETHER NEWS THAT BONGO WANTS TO GO AHEAD WITH 747 PURCHASE WOULD HAVE DAMPENING EFFECT, COSTANZA AGREED THERE WERE SOME WHO WOULD QUESTION IT, BUT THAT CITIBANK AT LEAST WAS STILL CONVINCED THAT 747 COULD BE USED PROFITABLY, EVEN THOUGH THEY NO LONGER INVOLVED. COSTANZA ASKED WHAT EXIMBANK'S ATTITUDE TOWARD PURCHASE WAS, AND AMBASSADOR SAID THAT AS FAR AS HE KNEW, EXIMBANK HAD NOT YET TAKEN A POSITION SINCE THUS FAR NO PROPOSAL HAD BEEN SUBMITTED TO THEM. TIENKEN

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